# Textiles Policy 2009-14

Ministry of Textile Industry

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**Minister for Textile Industry**

"The Textiles Policy represents a new beginning for the textiles sector. Through this policy, the government has not only set out a development road map but has provided necessary support without which accelerated progress of textiles in Pakistan is not possible. It is now the responsibility of the private entrepreneur and the business leaders, exporters, labor and all others affiliated with this industry to transform the policy vision into reality. The exports target of $25 billion is ambitious but not beyond our potential. It is essential that we depend on our own resources and neutralize the debt burden. Textiles offer a unique and realistic opportunity to strengthen our economy for its sustainable growth.

I appeal to our collective nationalism, specially of all those associated with the textile sector to seize the opportunities enshrined in the policy and endeavor to achieve our collective and individual goals.

This alone will give reality to the dream nurtured by our beloved leader, Shaheed Benazir Bhutto, for Pakistan to earn its rightful economic, social and political place in the comity of nations."

(Textiles Policy Speech, 12th August 2010)

## Foreword

Textiles Sector is one of the most important industrial sectors of Pakistan. It is not only the biggest exports-earner but also the provider of employment to the major part of total industrial labor force of the country. Due to its importance, the Government has always been taking measures aimed at its promotion and development through various support schemes and purposeful interventions.

Textiles value chain is quite long. Starting from cotton picking to a finished garment of the latest fashion, it involves numerous diverse sub-sectors which have distinct structure, requirements and issues. Through the first-ever Textile Policy of the country, effort has been made to address the issues of all the sub-sectors of value-chain by laying down a perspective plan for the next five years.

The formulation of the Textiles Policy 2009-14 started with a comprehensive study of the global trade environment. We analyzed in detail our strengths and weaknesses in the post-quota scenario. The incentives being offered by our competitors to their textile sector were also microscopically studied. This was followed by an extensive exercise of consulting the stakeholders; both from the public and private sectors. Inputs were solicited from the representatives of various sub-sectors of the textiles sector at large. Other economic ministries namely Commerce, Industries, Food & Agriculture etc. were also consulted besides soliciting views from honorable parliamentarians sitting in Standing Committees. These inputs were duly incorporated and have been made a part of the Policy.

By implementing the initiatives of the Policy, we hope to realize the fullest potential of the sector. In this regards, we are making concerted efforts. Launching of the implementation process through a comprehensive registration exercise will herald a new era where reliable information about various aspects of the textiles sector will be available for planning & development. We are also bringing about a legislative framework that would set the standards which will result in improved productivity and efficiency through elimination of waste and enforcement of compliance.

I hope this Policy will be a success story and will strengthen the textiles sectors for the overall improvement of the national economy.

**Waqar Masood Khan**
**Secretary**

# Textiles Policy 2009-14*

## 1. Vision

An integrated textiles value chain that adds fullest value to country's agriculture potential by serving domestic needs as well as high value exports demand through a well planned industrial structure, product diversification and institutional framework.

## 2. Mission Statement

To develop and implement a textiles policy which ensures consistency, predictability and transparency in Government actions and programmes. The policy would aim to create an enabling environment so that full potential of the textiles sector is realised in both domestic and foreign markets, while building confidence on Pakistan as a reliable source of quality goods at competitive prices.

## 3. Background

Textiles is the most important manufacturing sector of Pakistan and has the longest production chain, with inherent potential for value addition at each stage of processing, from cotton to ginning, spinning, fabric, processing, made-ups and garments. The sector contributes nearly one-fourth of industrial value-added, provides employment to about 40% of industrial labour force, consumes more than 40% of banking credit to manufacturing sector and accounts for 8% of GDP. Barring seasonal and cyclical fluctuations, textile products have maintained an average share of about 60% in national exports. However, despite being the 4th largest producer and 3rd largest consumer of cotton globally, Pakistan's comparative advantage is largely pre-empted by low value added exports as reflected in country's 12th rank in world textiles exports.

**3.2** There is a strong causal link between industry structure and investment trends which impacts exports. The growth of the textiles sector was marred by lopsided structural development. Whereas the spinning capacity increased over the years, the highest value added sector failed to attract adequate investment. Also, the degree of fragmentation of the sector downstream of spinning has risen significantly. For instance, nearly 90% of cloth production is in the non-mill sector where bulk of the production capacity is concentrated in inefficient small power loom units. The overall technological configuration of the industry needs major up-gradation as it

* Textiles Policy 2009-14 was approved in a special meeting of the Cabinet held on 12th August, 2009.

comprises, mostly, machinery that is obsolete or has outlived its economic life. Balancing of machinery configuration and capacities across different sub-sectors is also missing.

**3.3** The industry has also suffered for lack of adequate infrastructure facilities needed for its smooth operations. Apart from absence of exclusive areas dedicated to textiles production, some of the key services, such as power, gas and clean water are not available with reliable supplies. Skilled manpower is also significantly deficient with the result that the sector is suffering from low productivity. Equally importantly, numerous regulations applicable to industry in general also add to higher cost of doing business and retard entrepreneurial spirit of investors. Major efforts will have to be undertaken to alleviate the non-economic irritants that impose significant economic costs, which ultimate hurt country's competitive position.

**3.4** The growth of the sector was also affected by certain historical external factors which shaped the pattern of developments in the textiles sector. One such factor was 'quantitative restrictions' introduced by the major importing countries. The quota regimes effectively restricted the growth potential based on comparative advantage of home grown cotton, an abundant supply of labour and cheaper cost of production. Quotas encouraged export of raw materials and semi-manufactured products limiting access for high end products, including garments. However, adequate preparations for effectively facing the competition after the abolishment of quota regime and requisite investments for this purpose were not made. Consequently, the overall textiles exports of the country, expected to rise in a quota free regime, actually started to stagnate.

**3.5** On the other hand, the quota-free environment has brought challenges of its own. A number of competing countries have been granted unilateral concessions besides preferential trade agreements by the countries of leading export markets. Reliance on traditional markets and products, therefore, has made exports vulnerable to increasing competition and preferential regimes, which has been accentuated through direct interventions by governments of textiles exporting countries.

**3.6** While these challenges persist, policy makers face great responsibility to make a radical break from the past and give a new message of hope and promise to a sector that remains pivotal to country's economy. Pakistan has a natural comparative advantage in this sector. Three major positive externalities associated with this sector, namely benefits to agriculture sector, large employment opportunities for urban population and largest contribution to country's exports demand that a new beginning should be planned and executed forthwith. The first ever textiles policy of Pakistan aims to achieve this goal. This is a five year policy with well defined targets for each stage of the textiles value-chain.

## 4. Objectives

The policy will have the following objectives:

- Facilitate the textiles sector to develop international and domestic demand-driven capabilities.
- Help development of state of the art infrastructure facilities.
- Undertake a comprehensive skills development plan to increase supply of efficient human resources.
- Evolve a legislative framework that sets standards for each stage of processing with a view to increasing productivity, improving quality, ensuring optimum utilization of resources and promoting compliance.
- Promote research and development to achieve product diversification, technological advancement, increased productivity throughout the value chain, and specifically in the quality and diversity of fibres.
- Support development of allied industry e.g. machinery manufacturing, dyes and chemical industry and accessories for reducing cost of doing business.
- Encourage exports by meeting demands of competition, technology and higher labour productivity.

## 5. Targets

The primary target of the policy will be to double the rate of value addition in textiles chain from the present $ 1 billion per million-bales to $2 billion per million-bales over the next five years. Some of our competitors are doing significantly better than this rate. Based on this target, with a 5% annual increase in cotton consumption, in the year 2013-14, 18 million bales will be consumed in the country thereby producing an output valuing at $36 billion. With some improvement in domestic consumption, the policy targets exports to rise to $25 billion. Much of the increased output will be in the value-added sub-sectors. Employment will increase by nearly 100% during this period. The increased capacities required to generate this level of output will call for an additional investment of $8 billion largely to be undertaken by the private sector, with public sector investing in infrastructure, skills development, marketing and Information and Communications Technology.

**5.2** These are ambitious targets, but well within the reach of the latent capabilities Pakistan enjoys in this sector. Their achievement will be possible through a sustained transformation of the sector from its present focus on low and semi-manufactured products to high value added products.

**5.3** The policy enunciated here will address a set of cross cutting issues that afflict the entire value chain and combine it with sub-sector interventions which will tackle specific issues and problems faced in a given sub-sector.

## 6. Textiles Investment Support Fund

Government will invest part of the required $8 billion to bolster the capacities of the textiles sector largely by way of providing incentives for future private investment, provision of infrastructural facilities and expanding the skills pool in the industry. The policy has been designed to initiate well targeted interventions for addressing cross-cutting issues which impact the whole value chain. For this purpose, a Textiles Investment Support Fund (TISF) will be established to which annual budgetary allocations will be made. The specific areas that would receive government support from the Fund will include modernization of machinery and technology, removing infrastructural bottlenecks, enhancing skills, better marketing and use of Information and Communication Technology (ICT). The policy will also provide a framework to address weaknesses in these areas along with consolidation of the fragmented sub-sectors and create an environment for value addition, employment generation, enhancing productivity and competitiveness.

## 7. Cross-Cutting Initiatives

### 7.1 Modernization of Machinery and Technology

The first initiative will be to encourage manufacturers in all sub-sectors to modernize their machinery and technology. For this purpose a variety of schemes will be launched aimed at sharing the cost of modernization, bringing down the cost of financing to international level and ensuring adequate availability of credit for such purposes.

7.1.2 Wherever required, refinancing arrangements from the central bank will be encouraged to supplement the banking resources. Essentially, two kinds of support will be provided under this scheme. First, partial cost of financing will be picked up by the Government. Second, for small capital investments, such as in modernizing the ginning factories, outright capital support will be provided.

7.1.3 Support under TISF will be available both for greenfield projects as well as for balancing, modernization and expansion of existing units.

7.1.4 Support will also be given to attract joint ventures, mergers and foreign direct investments for expansion and up-gradation in the sector.

7.1.5 The units availing TISF would be required to establish that their investments will have at least one of the following characteristics:

- improve overall technological configuration of the sector;
- remove critical imbalances in the value chain; or,
- achieve compliance with international standards.

## 7.2 Building the Required Infrastructure

Based on the experience from Textiles City and Garments Cities models, Government plans to set up more such industrial estates to ensure availability of all industrial amenities at reasonable cost. Such initiatives, henceforth, will be undertaken on the basis of public-private partnership.

7.2.2 Government will develop clusters, preferably through public-private partnership where small investors can set up their facilities. The clusters will be provided with all the necessary infrastructure support needed for smooth operations of such industrial units. The major objective of this intervention is to achieve defragmentation of the industry.

7.2.3 With a view to bridging a major gap in compliance, government intends to support provision of the effluent treatment plants for the existing industry. For this purpose, a major mapping exercise is underway to precisely identify location of textiles industry throughout the country. A detailed program for the installation of effluent treatment plants will be undertaken in the light of this study so that the industry meets the environmental standards necessary to access export markets.

7.2.4 Schemes for common warehousing, storage and marketing facilities will be prepared on public-private partnership basis to ensure timely and cost effective availability of inputs which will also help in reducing contamination and wastage.

7.2.5 Development of common facilities for small scale units such as laboratories, product development centres, research centres, common sheds etc. will also be undertaken.

## 7.3 Skills Development

A comprehensive plan will be developed under the policy to upgrade the overall pool of skills in the textiles value chain in close consultation with the industry and implemented during the next five years. To provide leadership for this purpose, the National Textiles University, Faisalabad will be revamped, upgraded and provided with necessary resources to execute this plan.

7.3.2 Introduction of training modules and up-gradation of local training infrastructure will be undertaken in cooperation with provincial governments, and international textiles, clothing and fashion institutes covering farm to factory workers and managerial levels. These initiatives will be taken mostly through public-private partnerships.

7.3.3 The specialized training institutions established with funding from the Export Development Fund (EDF) will be strengthened with provision of additional facilities, improved machinery and induction of better faculty. The governance structure of these institutions will also be improved so that their representative character and sensitivity to dynamic market conditions is ensured.

7.3.4 Specialized training courses will be developed and launched to encourage sericulture and wool production in economically viable quantities. This will facilitate large scale manufacturing of higher value added products.

7.3.5 Cost-sharing and assistance to meet procedural requirements will be provided for hiring foreign technicians and experts for skills transfer in high value-added garments and technical textiles.

7.3.6 Facilities will be provided for audits to enhance productivity and efficient processing along with provision of training avenues on cost cutting, energy conservation and efficient use of resources.

7.3.7 Mass training programs will be undertaken to remove the existing shortages in some of the key trades. For instance, stitching provides highest value addition and maximum job opportunities. One stitching machine provides jobs to three workers. There is a need for mass training in basic stitching as well as in specialized stitching, e.g. women’s wear. Along with stitching, training will also be provided, in close collaboration with the industry in apparel designing, cutting, embroidery and fashion garments.

## 7.4 Promoting Standardization throughout the Chain

Importing countries are increasingly setting standards to protect life, health and environment. There is an urgent need to adapt and develop domestic standards for international compliance, increasing productivity, improving quality and ensuring optimum utilization of resources.

7.4.2 A legal framework will be developed to specify standards and testing requirements, prescribe disclosure requirements and other matters relating to the practices and methods relevant to the sector. The framework will be developed with full participation of all stakeholders who would be involved in the development and administration of the law which will also provide for requisite regulation and facilitation of entire textiles value chain.

7.4.3 Assistance to hire international consultants, will be provided where essential, to improve quality.

7.4.4 Implementation of Cotton Control Act and Cotton Standardization Ordinance will be ensured through close collaboration with the Provincial Governments.

### 7.5 Establishing a Zero-rated Exports Regime

Government recognizes the principle that exports should not be taxed. Based on this principle efforts will be made, in close consultation with the industry, to identify all direct and indirect levies that add to the cost of doing business without appropriate compensation so that remedial measures can be adopted.

### 7.6 Tariff Rationalization

The principle of cascading will be implemented while ensuring adequate protection to the local industry and removing anomalies.

### 7.7 Removing Regulatory Bottlenecks

An extensive exercise will be undertaken covering all sub-sectors, to identify rules, regulations, procedures, levies and other regulatory constraints that hamper the development of the sector. Based on this exercise, appropriate measures will be adopted to simplify or remove such irritants.

### 7.8 Lessening Extra Utility Costs

Government will remove the cross subsidization that burdens the textiles sector.

### 7.9 Market Access

Government will be expending concerted efforts to secure due access for Pakistan in some of the key destinations of our exports. Preferential access as well as FTAs in such markets will be the focus of such efforts. Focus will also be devoted in diversifying markets for our exports and for this purpose exporters will be provided necessary support to discover new markets.

### 7.10 Marketing

Government will provide due support for branding, grading, labelling and such other activities that would add value to the textiles chain. In particular, support for exhibitions both at home and abroad will also be provided. Additionally, efforts directed at building local demand and value-added chain-stores will also be recognized and supported.

### 7.11 Export House Scheme

Pakistan's exports are highly diffused among a very large number of small exporters, which deprive the country to secure best prices of its products. With a view to improving this situation it is essential to promote large scale export houses that can fetch better prices and ensure adherence to reliable quality. To this end, a criterion will be developed for qualification of a unit as export house. The local sales of yarn and fabric to these export houses will be treated as deemed exports and appropriate incentives will be provided to encourage such suppliers.

### 7.12 Marketing Insurance Scheme

Government will introduce an insurance scheme to protect our exporters against unforeseen losses, which may arise due to failure of the buyer, bank or problems faced by the buyer country. A working group will be set up to develop a feasible scheme for the consideration of the government. This scheme will help remove uncertainties currently faced by the exporters, especially in a global markets hit by a massive financial crisis. Government is also exploring the possibility of IFIs' participation in this venture.

### 7.13 Information Technology

Government will also support efforts aimed at enhancing efficiency through the use of information and communication technology. In particular, this support will be provided for improving productive efficiency, supply chain-management and e-commerce. Technical training will be arranged for Customized Management Information System/Enterprise Resource Planning covering:

- Customized Cost Management System
- Human Resource Management System
- Project Management

7.13.2 Facilities will be developed for launching E-Commerce website to assist entrepreneurs in:

- placing products online
- implementing business model (match-making and/or transaction-oriented)
- e-marketing

## 8. Specific Sub-sector Interventions

### 8.1 Fibres

Cotton is the dominant fibre-base of our textiles. The persistent problem of contamination and trash content will be addressed through enforcement of the standards laid down in the Cotton Control Act and Cotton Standardization Ordinance. This will bring our cotton to acceptable levels of international quality, eliminate use of improper seeds, pesticides, transportation, storage and discourage ginning practices for production of contamination, trash and moisture free cotton.

8.1.2 A comprehensive training and capacity building program will be developed to establish a system in the private sector for grading and classifying cotton. Incentives will be provided to ensure that proper premiums are paid based on grading and classification.

8.1.3 Measures will be introduced for production of long staple cotton for value added products and to meet domestic demand for high quality fabrics, including introduction of BT cotton on priority basis. Simultaneously, measures will be introduced for cultivation of organic cotton in new areas to increase value and production.

8.1.4 The Policy will also aim at providing a paradigm shift and concentrate on other high value added fibres, especially manmade fibres (MMF), to enrich the exports mix. There will be special focus on production of garments which have highest value addition and create largest number of jobs. This combination of high value-addition and high-employment holds the greatest promise for pushing country's exports to the level set out in the policy.

8.1.5 Research will be undertaken to determine viability of introducing other vegetable fibres (jute, flax etc.), wool and sericulture for supporting diversification within the natural fibres.

8.1.6 Quality and farming standards will be introduced for vegetable fibres, wool production and sericulture to promote their production and utilization. Measures will also be taken for dissemination of information along with supportive steps to increase use of these fibres for broadening our exports mix.

8.1.7 An important measure will be to up-gradate and strengthen the Synthetic Fibre Development and Application Centre (SFDAC) to focus on research in MMF, improvement of fibre quality, diversification of blends and development of specialized fibres/yarns.

8.1.8 The use of MMF fibre in Pakistan is woefully low and needs significant increase. Promotion of MMF industry will be a key objective of the policy. Investment in this industry will be promoted through adequate protection and incentives.

8.1.9 Traditional textiles materials have a large niche in the global market. The demand for these products has grown over the years. Accordingly, measures will be taken for expansion and up-gradation of traditional textiles product mix for value addition through the use of new fibres.

8.1.10 Production planning largely depends on assured supply of raw materials. There is a need for introducing better cotton crop estimation mechanism to minimize speculations and volatile price movements which affect output.

8.1.11 The issue of hedge trading will be revisited for its introduction in consonance with the Islamic Shariah Law.

## 8.2 Cotton Yards

Immediate steps will be taken for development of a 'Model Cotton Yard' through public-private partnership at Multan, which is the main centre for cotton trading. The yard will have the facilities for storage and trading. Besides the support for building the sheds, assistance will be given for regular flow of information on cotton prices and availability and testing facilities for farmers and ginners. This would also help in the development of market mechanism based on quality.

8.2.2 On the successful implementation of this project, more cotton yards will be established in other cotton growing areas.

## 8.3 Ginning

A comprehensive scheme will be prepared and implemented for conversion of ginning industry into an efficient 'service sector' to benefit the growers and for smooth supplying of cotton to the spinners. A ginning research institute is being established at Multan to promote research and development in this sector. More such institutes will be established including Vehari etc.

8.3.2 Guidelines will be developed for promoting best practices, technology and standards for the ginning industry. Participating units will be provided financial and technical assistance to comply with the guidelines, especially those who would be willing to use more efficient technology.

8.3.3 To strengthen the ginning processes, strict enforcement of the Cotton Control Act is essential, for which effective coordination will be made with the provincial governments for its enforcement.

## 8.4 Filament Yarn

Filament industry is well organized and has an annual production of 100 million Kgs per annum. There is, however, a need to improve efficiency, competitiveness and economies of scale for efficient import substitution. Smuggling from cheaper sources also needs to be eliminated. In addition, Government will ensure skill development and research through SFDAC to facilitate the manufacturing of finer filaments to add value. To make industry further viable mergers and acquisitions will be facilitated along with consolidation.

## 8.5 Spinning

There is excess capacity in the spinning sub-sector mostly concentrated in low counts ring technology, a significant part of which has long lived its economic life. The need for diversification and up-gradation of spinning technology is most pressing.

8.5.2 The policy will encourage Investments in rotor technology and specialized attachments like compact spinning and lycra etc. along with ring spinning to attain economies of scale. The downstream improvements will also be encouraged so that Pakistani spinning can move towards higher and finer counts that bring lot more value to output than the present overwhelming focus on low count thread.

## 8.6 Weaving

The most important challenge facing the sector is the dominant presence of non-mill sector in the production of cloth through the inefficient power looms in numerous units of small sizes. This sub-sector needs the greatest government support for its consolidation through de-fragmentation of small units.

8.6.2 Government will support the sub-sector by provision of additional capacities, up-gradation of machinery and development of clusters to achieve consolidation into economically efficient units.

8.6.3 Cost-sharing and technical assistance will be provided to encourage investment in shuttle less looms including conversion of power looms to automatic looms.

## 8.7 Knitting

Though to a lesser degree, knitwear sub-sector also suffers from similar deficiencies as in the power loom sector. Accordingly, an analogous package of support will also be designed for the promotion of the knitwear sub-sector, which will focus on increasing capacities, up-gradation of machinery and de-fragmentation.

8.7.2 An important intervention in this sub-sector will focus on increasing capacity of weft knitting as well as gradual increase in use of warp technology.

## 8.8 Non-woven

The non-woven sector is one of the emerging sub-sectors having considerable uses in value-added products. To encourage this sector, training modules will be developed to impart knowledge and skills.

## 8.9 Processing

Processing of fabric represents yet another imbalanced component in the value-chain. The challenges facing this sector include inadequate capacities, especially in the mill-sector, lack of modern technology and minimal use of computer based designing and chemical applications. Additionally, almost the entire capacity is currently concentrated in broad-width fabric that is destined mostly for use in relatively low value added home textiles.

8.9.2 The policy will address all these challenges. It will support new investments in processing industry, especially in narrow-width fabric. Up-gradation of existing machinery and technology will also be supported. Technical support will also be provided, on cost sharing basis, to enable industry to make use of computer based designing the printing controls.

8.9.3 There is a pronounced dearth of new technology for knit dyeing in Pakistan which adds value to the final product. In order to promote this sub-sector, investments will be encouraged and Government will provide requisite facilities for this purpose.

## 8.10 Home Textiles

This is the first stage of high value-added products. Of late, Pakistan has made significant advances in this area and its products are ranked amongst the best. However, the values realized are still low compared to those available to other brand names. Here the efforts have to focus on fashion and design and branding. Government will develop appropriate support in consultation with the industry.

## 8.11 Garments

Garments sub-sector is the ultimate value-spinner for the textiles chain. The sub-sector faces a number of challenges that hamper utilization of its fullest potential. There is a very high degree of fragmentation of units, shortage of skilled manpower, absence of standardization, lack of testing facilities and shortage of quality fabric.

8.11.2 The policy will address these challenges to facilitate promotion of this important sub-sector. In particular, government will endeavour to make this sub-sector the manufacturing hub for highest value added products including availability of trained manpower, promotion of fashion designs and support in development and marketing of brand names.

8.11.3 Entrepreneurs will be encouraged to take maximum advantage of abundant labour and for this sourcing and marketing training will be provided along with the establishment of product development centres. The training would also focus on fashion garments and trends, apparel merchandising and quality control etc.

The centre will collaborate with leading fashion institutes to provide in depth training in specialized high value fashion garments. Programs will be initiated to raise the profile of local brands and designers and explore new overseas markets. Innovations in garment production will encourage development of new raw materials for the sector.

8.11.4 To ensure requisite protection to the domestic industry, steps will be taken to eliminate illegal imports of the value added products, especially fabrics and garments.

## 8.12 Fashion and Design

To promote value added industry, there is a robust need to develop the fashion industry. This will include more number of fashion institutes & graduates, academia - industry link, special programs for local brands and designers recognition, affiliation with international fashion institutes, dissemination of information on new fashion trends, product development centers, introduction and availability of new fibres and their processing etc.

8.12.2 All these activities will require significant commitment from the government. However, these activities will be promoted largely through the public-private partnership mode. An institute for fashion technology will also be established to give a major stimulus to this sub-sector.

## 8.13 Technical Textiles

Technical textiles is an emerging area of high value addition where given our strength in heavy clothing; we can claim a significant of world market share. However, there is a need to invest in R&D in this area. Government will develop a proper strategy for the promotion of technical textiles in the country. For this purpose an exclusive centre of excellence to impart training, develop skills and provide relevant information about world trends in such fields like geotech, meditech and sportech, will be established.

## 8.14 Handloom, Embroidery & Handicrafts

Training and facilitation will be provided to strengthen traditional craftsmanship for production set-up, sourcing raw materials and marketing.

8.14.2 Traditional craftsmanship and products innovation will be promoted to enrich the exports mix. Steps will be taken to identify clusters for the traditional textiles within each sub-sector. Training will also be provided on production management, quality management and product development to produce high value added products.

8.14.3 Arrangements will also be made to link up these clusters with fashion schools so that new designs and modern trends are assimilated in the traditional crafts.

## 8.15 Carpets

Government will facilitate consolidation and adoption of new technology in dyeing, finishing, and testing and product development.

8.15.2 The hand-knotted carpet sector is still relatively small, employing around 1.5 million people, with heavy concentration in Punjab and Sind provinces. To enhance production and exports, assistance will be provided for:

- Anti-child labour certification to ensure wider acceptability of Pakistani carpets.
- Facilitation for the availability of fine raw materials.
- Establishment of research and development, testing and product development centre.

## 8.16 Indigenization

Textiles sector has grown to be the single largest manufacturing sector of Pakistan. However, support industries like textile machinery manufacturing, textile dyes and chemicals and accessories industry, have not developed proportionally. Most of the demand is met through imports. There is an urgent need to promote development of industries that would ensure indigenous supply of such important technology and raw materials at home at competitive prices.

8.16.2 Promotion of joint ventures with leading international brands will be a key objective of the Policy. Government will provide appropriate incentives to encourage such initiatives.

8.16.3 Intensive training and awareness campaigns will be initiated to disseminate information on comparative benefits of upgrading machinery and using domestic resources.

8.16.4 Viability studies for production of textiles dyes, chemicals and accessories will also be initiated. Based on these studies measures will be introduced for encouraging establishment of industries considered economically viable.

## 8.17 Special Initiatives for Women

Women workers in high value added garment stitching perform relatively more efficiently and give better outputs. There is an urgent need to build a large workforce of women in this sub-sector. Accordingly, a comprehensive plan will be developed to enlarge the women's role in the textiles sector. The scheme would focus on:

- Establishment of exclusive training centres
- Employment assurance
- Clean and conducive working environment, safety of workers and day care centres.
- Sharing of regulatory costs.

**8.18 Support for Increased Employment of Disabled and Handicapped**

Value added textiles sector also has the capability to give employment to disabled and handicapped. To further Government's policy in this area, it is proposed that EOBI and Social Security contributions of such persons will also be picked up by the Government. The fiscal impact of this measure will be nominal.

## 9. Implementation

A committee headed by the Minister for Textile Industry with representatives of Ministries concerned & stakeholders will be constituted for implementation of the Policy initiatives.

**9.2** A Cabinet Committee on Textiles will be constituted to oversee the implementation of the Policy.

**9.3** Ministry of Textile Industry and its subordinate/attached organizations will be restructured and strengthened to implement the Policy.